Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 075935

20
ORIGIN EB-07

INFO OCT-01 ARA-06 ISO-00 COME-00 L-02 CIAE-00 INR-07

NSAE-00 /023 R

DRAFTED BY EB/CBA/BP:DVLA BRIE/PATENT OFFICE:D
APPROVED BY EB/CBA/BP:HARVEY J. WINTER
ARA/APU:RFELDER
COMMERCE:JMLIGHTMAN
L/EB:TTALLERICO
---------- 106369
R 032251Z APR 75
FM SECSTATE WASHDC
TO AMEMBASSY BUENOS AIRES

LIMITED OFFICIAL USE STATE 075935

E.O. 11652: N/A
TAGS:EIND, AR
SUBJECT: ARTICLE NINE - TRADEMARK REQUIREMENTS - ARGENTINE LAW NO. 20.794 GOVERNING LICENSING AND TECHNOLOGY TRANSFER AGREEMENTS

REFERENCE: BUENOS AIRES A-348, OCTOBER 31, 1974

1) THE DEPARTMENT AND U.S. PATENT OFFICE BELIEVE ARTICLE 9 OF ARGENTINE LAW NO. 20.794 CONTRAVENES ARTICLE 2 OF THE PARIS CONVENTION FOR THE PROTECTION OF INDUSTRIAL PROPERTY. ARTICLE 2 OF THE PARIS CONVENTION GRANTS ALL MEMBER STATES IDENTICAL PROTECTION OF INDUSTRIAL PROPERTY RIGHTS. ARGENTINA ACCEDED TO THE LISBON ACT ON FEBRUARY 10, 1967, AND THE UNITED STATES RATIFIED THAT ACT ON JANUARY 4, 1962.

2) ARTICLE 9 OF THE ARGENTINE LAW 20.794 OBLIGATES THE LICENSOR (USUALLY THE OWNER) OF A "FOREIGN MARK" TO EITHER TRANSFER THE RIGHTS IN SUCH A MARK TO HIS LICENSEE IN ARGENTINA OR OBLIGATE THE LICENSEE IN THE CONTRACT TO DEVELOP A SUBSTITUTE "LOCAL MARK". THIS SAME OBLIGATION IS
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 075935

APPLIED TO EXISTING CONTRACTS WHICH MAY NOT BE EXTENDED IN

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

ANOTHER FORM BEYOND DECEMBER 31, 1979. THE ONLY EXCEPTION TO THIS OBLIGATION APPEARS TO BE WHEN THE LICENSE IS LIMITED TO ARTICLES BEARING THE TRADEMARK WHICH ARE PRODUCED SOLELY FOR EXPORT FROM ARGENTINA.

3) THE TERMS "FOREIGN MARK" AND "LOCAL MARK" ARE NOT SPECIFICALLY DEFINED IN LAW NO. 20.794. HOWEVER, BASED UPON REVIEW OF THE ENTIRE TEXT OF THIS LAW, WE BELIEVE THAT THE ONLY POSSIBLE INTERPRETATION OF "FOREIGN MARK" IS A MARK OWNED BY A PERSON OR LEGAL ENTITY OTHER THAN A NATIONAL OF ARGENTINA. INDEED, ARTICLE 2 OF THE NEW LAW SEEMS TO CONFIRM SUCH INTERPRETATION.

MOREOVER, LOOKING AT THIS QUESTION IN TERMS OF TRADEMARK JURISPRUDENCE, IT IS VERY DIFFICULT TO CONCEIVE OF ANY OTHER INTERPRETATION. FOR EXAMPLE, IF THE TERM "FOREIGN MARK" REFERRED TO THE CHARACTERISTICS OF THE MARK RATHER THAN ITS OWNERSHIP, IT WOULD BE IMPOSSIBLE TO CATEGORIZE A MARK COMPRISING ONLY FIGURATIVE ELEMENTS (E.G. THE DESIGN OF A STAR), OR MARKS COMPRISING A PURELY COINED WORD, KODAK, WHICH IS NOT FOUND IN THE VOCABULARY OF ANY LANGUAGE AND HAS NO RECOGNIZABLE CONNOTATION, FOREIGN OR LOCAL, EXCEPT AS TO ITS RENOWN AS A TRADEMARK OF THE EASTMAN KODAK COMPANY. IN VIEW OF THE FOREGOING, WE HAVE CONCLUDED THAT THE DEFINITION OF THE TERM "FOREIGN MARK" TO WHICH THE SPECIAL REQUIREMENTS OF LAW NO. 20.794 ARE APPLICABLE, MUST BE BASED ON CRITERIA RELEVANT TO THE NATIONALITY OF THE OWNER/LICENSOR. IF WE ARE CORRECT, THIS ARTICLE IMPOSES AN OBLIGATION UPON UNITED STATES NATIONALS WHICH IS NOT IMPOSED UPON ARGENTINE NATIONALS IN RESPECT OF THE PROTECTION OF INDUSTRIAL PROPERTY RIGHTS IN ARGENTINA.

4) THIS OBLIGATION IS DETRIMENTAL TO U.S. NATIONALS FOR THE PRINCIPAL REASON THAT THE VESTING OF OWNERSHIP RIGHTS OF A TRADEMARK OWNED BY A U.S. NATIONAL IN AN ARGENTINE COMPANY MIGHT ELIMINATE THE PROTECTION AFFORDED BY INTERNATIONAL LAW AGAINST EXPROPRIATION. ANOTHER REASON WHY THIS OBLIGATION IS DETRIMENTAL IS THAT U.S. NATIONALS WISH TO MAINTAIN STRICT CONTROL OVER THE USE OF THE MARK SINCE LIMITED OFFICIAL USE

IT REPRESENTS VALUABLE GOOD WILL OF THE OWNER. THUS, A PROBABLE EFFECT OF ARGENTINE LAW NO. 20.794 WOULD BE TO DETER SIGNIFICANTLY THE LICENSING OF WELL-KNOWN TRADEMARKS, ESPECIALLY IN SITUATIONS WHERE THE LICENSEE IN ARGENTINA IS OTHER THAN AN AFFILIATED COMPANY CAPABLE OF CONTROL BY THE U.S. FIRM.

5) OUR STUDY OF ARGENTINE LAW NO. 20.794, FAILS TO REVEAL

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

THE VALUE OF SUCH A LAW WITH REGARD TO THE TRANSFER OF TECHNOLOGY, WHICH IS THE PRIMARY PURPOSE OF THE LAW. A TRADEMARK IS NOT TECHNOLOGY AND THE LICENSING OF A TRADE-MARK DOES NOT TRANSFER TECHNOLOGY. FURTHER, THE CHOICE OF A TRADEMARK TO BE USED IN CONNECTION WITH A BUSINESS ARRANGEMENT SHOULD IN OUR VIEW, BE THE DECISION OF THE

PARTIES CONCERNED UNLESS THE TRADEMARK ITSELF VIOLATES SOME PUBLIC POLICY (I.E., THE TRADEMARK IS SCANDALOUS OR DECEPTIVE, OR OTHERWISE CONTRARY TO THE LAW OF THE COUN-TRY PROTECTING THE TRADEMARK RIGHTS.)

6) LOOKING AT THIS MATTER FROM THE VIEWPOINT OF THE ARGENTINE LICENSEES, IT IS OUR BELIEF THAT SUCH REGULATION WILL EFFECTIVELY PREVENT AN ARGENTINE LICENSEE FROM BENE-FITTING FROM THE GOOD WILL ALREADY ESTABLISHED FOR A PARTICULAR MARK PRIOR TO THE COMMENCEMENT OF BUSINESS UNDER THE LICENSE. THIS SITUATION MAY PLACE THE LICENSEE AT A COMPETITIVE DISADVANTAGE VIS-A-VIS THE PRODUCERS OF THE SAME OR SIMILAR PRODUCTS BEARING WELL-KNOWN MARKS. IN THIS CONNECTION TWO IMPORTANT QUESTIONS ARISE: (1) WHY SHOULD THE LICENSEE BE PRECLUDED BY THE ARGENTINIAN GOVERNMENT FROM BENEFITTING FROM SUCH GOOD WILL IF HE WISHES TO ACQUIRE IT AS PART OF A LICENSING PACKAGE?
(2) HOW CAN THE USE OF MARKS WHICH HAVE BECOME WELL-KNOWN AS A RESULT OF THEIR FIRST USE IN OTHER COUNTRIES BE HARMFUL TO THE ARGENTINE ECONOMY?

7) ACTION REQUESTED: ALTHOUGH DEPARTMENT PLANS TO HAVE EMBASSY EVENTUALLY DISCUSS THIS MATTER WITH THE APPRO-PRIATE GOA OFFICIALS, WE WOULD FIRST APPRECIATE HAVING EMBASSY'S COMMENTS REGARDING FOREGOING PARAGRAPHS 1 THRU 6. EMBASSY COMMENTS WILL BE PARTICULARLY USEFUL SINCE
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

VARIOUS STATEMENTS IN PARAGRAPHS 1 THROUGH 6 ARE BASED ON OUR PRELIMINARY INTERPRETATION OF WHAT WE THINK THE EFFECT OF THIS LAW WILL BE. ANY OUTSIDE CONTACTS WHICH THE EMBASSY MIGHT UTILIZE WITH RESPECT TO THE ARGENTINIAN UNDERSTANDING OF THE POSSIBLE EFFECT OF THIS LAW WOULD BE MOST HELPFUL. INGERSOLL

LIMITED OFFICIAL USE

NNN

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LAW, TRADE AGREEMENTS, LICENSES, TECHNOLOGICAL EXCHANGES
Control Number: n/a
Copy: SINGLE
Draft Date: 03 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE075935
Document Source: CORE
Document Unique ID: 00
Drafter: DVLA BRIE/PATENT OFFICE:D
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750116-0990
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750484/aaaacyob.tel
Line Count: 160
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 BUENOS AIRES A-348, 75 OCTOBER 31, 75 1974
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 14 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14 MAY 2003 by izenbei0>; APPROVED <15 MAY 2003 by MorefiRH>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ARTICLE NINE - TRADEMARK REQUIREMENTS - ARGENTINE LAW NO. 20.794 GOVERNING LICENSING AND TECHNOLOGY TRANSFER
TAGS: EIND, AR
To: BUENOS AIRES
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006